

A proposal for uniform *ex-gratia* of Rs. 10 lakhs in cases of death in war/ war-like engagements and counter insurgency operations is under consideration of the Government.

Middlemen in defence deals

39. SHRI JANARDHANA POOJARY: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that middlemen are active in the sale and purchase of defence equipments in India;

(b) if so, the details thereof;

(c) whether Government propose to introduce an 'Integrity Pact' in defence deals involving more than Rs. 100 crores; and

(d) if so, the details thereof?

THE MINISTER OF DEFENCE (SHRI A.K. ANTONY): (a) to (d) Defence Procurement Procedure 2006 followed for Capital Acquisition allows direct dealing only with Original Equipment Manufacturers (OEM) or Authorised Vendors or Government Sponsored Export Agencies (applicable in case of countries where domestic laws do not permit direct export by (OEMs). Further, the procedure *inter-alia* incorporates provisions regarding penalty for use of undue influence by the seller and prohibits engagement of any agent or payment of agency commission by the seller.

All defence procurement cases exceeding Rs. 100 crores also require bidders to sign an integrity pact which provides for an undertaking to avoid all forms of corruption in the process of bidding and for completely free, fair, transparent and unprejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into.

The integrity pact binds both the buyer as well as the vendor and also specifies sanctions and penal provisions for any violations of the same.

The sanctions *inter-alia* include calling off negotiations, cancellation of the contract, forfeiture of EMD/SD/Performance Bond, recovery of sums already paid interest thereon and debarment for a minimum period of 5 years.